

# **LYNCHBURG CITY COUNCIL**

## **Agenda Item Summary**

**MEETING DATE: May 11, 2004**

**AGENDA ITEM NO.:** /

**CONSENT:**

**REGULAR: X**

**CLOSED SESSION:**  
(Confidential)

**ACTION: X**

**INFORMATION:**

**ITEM TITLE: FY 2004 Third Quarter Budget Adjustments**

### **RECOMMENDATION:**

Amend the FY 2004 Budget and appropriate funds to implement revenue, expenditure and transfer adjustments as identified on Attachments A, B, C and D for the General Fund Operating Budget, the Capital Improvement Program Fund, the Fleet Services Fund, the City/Federal/State Aid Fund, the School Operating Fund and the Comprehensive Services Act Fund.

### **SUMMARY:**

In early April, staff began a review of FY 2004 operating revenues and expenditures to determine if adjustments were needed prior to the end of the fiscal year. Departments were requested to submit any adjustments that needed to be considered prior to the end of the fiscal year. Likewise, Financial Services staff reviewed projected revenues. Attached is a list of proposed expenditure and revenue adjustments based on a third quarter review, Attachments A, B, C and D.

Adjustments to the Capital Improvement Program Fund are recommended to reflect revenue and expenditures related to (a) donation for the Old City Cemetery Information Center; (b) donations for lighting, a memorial fountain and refurbishing the monuments on Monument Terrace; and (c) utilization of tax credits for the Old Court House Museum.

An adjustment to the Fleet Services Fund is recommended to reflect revenue and expenditures related to the City Auction and sale of miscellaneous vehicles and equipment.

Adjustments to the City/Federal/State Aid Fund are recommended to reflect revenues and expenditures related to various grants. These adjustments are recommended to adjust the grant budgets equal to the amounts awarded by the state and federal governments.

Adjustments to the FY 2004 General Fund Transfer to the School Operating Fund are recommended to appropriate funds unspent in FY 2003. This appropriation is consistent with the agreement dated December 14, 1993 between the City Council and the Lynchburg School Board for the creation and maintenance of a school operating fund balance for the "purpose of underwriting any occasional shortfalls from the various budgetary categories of direct State funding support as well as other applications, all based upon the required expenditure approval of the School Board." Adjustments are also recommended to the School Operating Fund for (a) unexpended proceeds from lease purchase financing (b) purchase of vehicles (c) maintenance projects, and (d) transfer to the School Capital Projects Fund for a portion of the Heritage Elementary School project for windows and air conditioning.

*Please note: Reconciling the adjustments in the School Operating Fund has been complicated by past practices and agreements that I believe are inconsistent with state statutes. I will be suggesting to Council that this matter be handled differently in the future while still respecting the intent of previous agreements.*

Adjustments to the Comprehensive Services Act Fund (CSA) are recommended to fund the deficit in this fund caused by extraordinary expenses for several children by using excess Adoption and Child Care Program funds, Indirect Cost State Allocation Reimbursement funds, Revenue Maximization funds and a reimbursement from the State to balance FY 2004 CSA expenditures.

PRIOR ACTION(S): Adoption of the FY 2004 Operating Budget: May 27, 2003  
City Council Work Session: April 27, 2004

BUDGET IMPACT:

Resources of \$1,675,872 and expenditures and transfers of \$1,481,062 be appropriated to the General Fund; resources and expenditures of \$364,460 be appropriated to the City Capital Projects Fund; resources and expenditures of \$103,712 be appropriated to the Fleet Services Fund; resources and expenditures of \$705,157 be appropriated to the City/Federal/State Aid Fund; resources and expenditures of \$1,240,495 be appropriated to the School Operating Fund; and resources and expenditures of \$1,190,064 be appropriated to the Comprehensive Services Act Fund.

CONTACT(S): Donna Witt, Assistant Director for Financial Services 455-3968  
Michael Hill, Director for Financial Services 455-4220

ATTACHMENT(S):

- Attachment A: FY 2004 Third Quarter Summary by Fund
- Attachment B: FY 2004 Third Quarter Requests – Revenues
- Attachment C: FY 2004 Third Quarter Revenue Detail
- Attachment D: FY 2004 Third Quarter Requests - Expenditures

REVIEWED BY: lkp

**Ordinance:**

**BE IT ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the General Fund as identified on the FY 2004 General Fund Third Quarter Summary by Fund;

**BE IT FURTHER ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the Fleet Fund as identified on the FY 2004 Third Quarter Summary by Fund;

**BE IT FURTHER ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the City/Federal/State Aid Fund as identified on the FY 2004 Third Quarter Summary by Fund;

**BE IT FURTHER ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the School Operating Fund as identified on the FY 2004 Third Quarter Summary by Fund;

**BE IT FURTHER ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the Comprehensive Services Act Fund as identified on the FY 2004 Third Quarter Summary by Fund;

**BE IT FURTHER ORDAINED** that the FY 2004 budget is amended and that there be appropriated from the funds and resources of the City of Lynchburg the sums for the City Capital Projects Fund as identified on the FY 2004 Third Quarter Summary by Fund.

**Introduced:**     May 11, 2003

**Adopted:**

**Certified:**

\_\_\_\_\_  
Clerk of Council

			Attachment A
<b>Third Quarter Summary by Fund</b>			
	<b>Revenues</b>	<b>Expenditures</b>	<b>Net</b>
<b>General Fund</b>	1,675,872	1,481,062	194,810
<b>Fleet Services Fund</b>	103,712	103,712	0
<b>City/Federal/State Aid Fund</b>	705,157	705,157	0
<b>CSA Fund</b>	1,190,064	1,190,064	0
<b>City Capital Projects Fund</b>	364,460	364,460	0
<b>School Operating Fund</b>	1,240,495	1,240,495	0

# **FY 2004 Third Quarter Requests - Revenues**

Attachment B

Department/Division	Project Description	Amount	Purpose
<b>GENERAL FUND</b>			
Increase in Proposed General Fund Revenues		285,833	Based on Attachment B
Parks and Rec	CIP Project Coordinator	6,180	Parks and Recreation hired a part-time Engineer/Project Manager to manage Parks and Rec capital projects. The position will be funded by bond proceeds for the projects.
Transfer from Schools		400,933	Return of FY 2003 unexpended funds from schools
Indirect Cost		64,606	Additional Reimbursement from the State
Human Services			
Social Services-Reg Prog	Additional Funding Available	751,752	Additional revenues for Social Services of \$651,752 are from the Child Care and Adoption Programs. Both of these programs are 100% reimbursable. The other \$100,000 is Revenue Maximization funding that is dedicated to the lease for the Human Services Building. The expenditure was included in the budget but the revenue was not.
Welfare to Work	Bring Funding to Actual	166,568	Revenue should have been carried forward from FY 2003. This is the third year for this 3 yr grant.
	Total Human Services	918,320	
	Total General Fund	1,675,872	
Fleet Services Fund	Auction Proceeds	103,712	Appropriate auction and miscellaneous sale of vehicles and equipment proceeds to the Fleet Services Fund
City/Federal/State Aid			
Rev Max		656,332	\$413,356 FY 2004 Budgeted as General Fund Revenue but not budgeted as a transfer from City/Federal/State Aid Fund in the budget
			\$124,758 Transfer to CSA to cover local match for FY 2003
			\$100,000 Transfer to General Fund for lease on Human Service Building
			\$18,218 Transfer to cover local match for FY 2004 CSA.
			\$656,332 Total
EMS Defibrillator Grant		5,000	Transfer from General Fund Local Match
Victim Witness	Bring Grant to Actual	12,563	
Exile	Bring Grant to Actual	11,446	
Respite	Bring Grant to Actual	10,927	
Adoption Incentive	New Grant	8,889	
	Total City/Federal/State Aid	705,157	

<b>FY 2004 Third Quarter Requests - Revenues</b>			
<b>Department/Division</b>	<b>Project Description</b>	<b>Amount</b>	<b>Purpose</b>
CSA Fund	Revenue to Fund Deficit	1,190,064	\$124,758 Revenue Maximization
			\$585,583 Additional State Funding for Public Assistance
			\$358,226 Local Match needed funded from additional Adoption and Child Care Programs, Indirect Cost,
			Transfer from Schools and Rev Max.
City Capital Projects Fund	Old Courthouse/Museum	218,953	Tax Credits
	Old City Cemetery Info Center	32,900	Donations
	Monument Terrace	112,607	Donations
	Total City Cap Proj. Fund	364,460	
School Operating Fund	School Fund Balance	1,240,495	Appropriate School Fund Balance

# Third Quarter Revenue Detail

# Attachment C

## Revenue Detail

	Revised Estimate FY 2004	Revised Estimate Third Quarter Review FY 2004	Third Quarter to Revised Estimate Variance FY 2004
<b>NON-DEDICATED REVENUE</b>			
<b>General Property Taxes</b>			
Current Personal Property-Local portion	9,894,975	9,896,100	1,125
<b>Other Local Taxes</b>			
Local Sales Tax	11,507,188	11,283,169	(224,019)
Utility Consumption Tax Electric	3,463,770	3,494,665	30,895
Utility Consumption Tax Gas	735,771	714,533	(21,238)
Utility Tax Telephone	1,188,844	1,214,898	26,054
Utility Tax Cellular	1,051,891	1,041,830	(10,061)
Business Licenses	5,863,099	5,888,343	25,244
Bank Stock Taxes	677,392	585,133	(92,259)
Recordation Taxes - City	300,000	370,000	70,000
Meal Tax	7,301,589	7,470,326	168,737
<b>Changes in Other Local Taxes</b>			(26,647)
<b>Permits, Privilege Fees and Licenses</b>			
Demolition Fees	4,980	7,000	2,020
<b>Revenue from Use of Money and Property</b>			
Interest -AIM School Capital	26,371	10,316	(16,055)
Public Works Property Rent	6,000	12,000	6,000
General Government Property Rent	293,768	278,535	(15,233)
<b>Change in Use of Money and Property</b>			(25,288)
<b>Miscellaneous</b>			
Payment in Lieu of Tax-Westminster	51,222	47,204	(4,018)
Blue Ridge Jail Refund		208,760	208,760
<b>Change in Miscellaneous</b>			204,742
<b>Revenue from the Commonwealth</b>			
<b>State Non-Categorical Aid</b>			
Deeds of Conveyance	100,000	124,000	24,000
Recordation Taxes	176,000	196,000	20,000
Personal Property-State FY 2005 FY 2004	0	0	0
Personal Property-State FY 2004 FY 2003	5,887,618	5,884,921	(2,697)
<b>Change in State Non-Categorical Aid</b>			41,303
<b>Total change in Non Dedicated Revenues</b>			197,255
<b>DEDICATED REVENUE</b>			
<b>Revenue from the Commonwealth</b>			
<b>State Categorical Aid-State Shared Expenditures</b>			
Commissioner of the Revenue	136,986	152,648	\$15,662
Treasurer	100,569	89,426	(\$11,143)
Clerk of Court	408,396	409,039	\$643
Sheriff	853,859	945,945	\$92,086
Commonwealth Attorney	652,440	643,770	(\$8,670)
<b>Change in Categorical Aid-State Shared Expenditures</b>			\$88,578
<b>Total Change in Dedicated Revenues</b>			\$88,578
<b>Change in Dedicated and Non-Dedicated Revenues</b>			\$285,833
<b>Additional Change in Revenues Due to Third Quarter Adjustments (Attachment B)</b>			\$1,390,039
			\$1,675,872
<b>Total Projected Ending Fund Balance</b>	<b>\$12,379,266</b>	<b>\$12,574,076</b>	<b>\$194,810</b>

# **FY 2004 Third Quarter Requests - Expenditures**

Attachment D

Department/Division	Project Description	Amount	Purpose
<b>GENERAL FUND</b>			
Sheriff	Increase Exp based on State	73,964	Includes Regrades, increases and part-time funding plus related fringe benefits also PCs and printers
			Increased Revenues of \$92,086 to offset expenses
Parks & Rec	CIP Project Coordinator	6,180	Appropriate expense for CIP Project Coordinator
Fire	Defibrillators	5,000	Local Match for Fire/EMS Defibrillators
Dental Claims	Fund Dental Claims for Employees	60,000	Claims are higher than budgeted for FY 2004
Transfer to Schools		400,933	Transfer unexpended funds back to Schools
Transfer to CSA	Local Match	64,606	Funded by Indirect Cost State Reimbursement
GLTC	Additional funding	102,803	Additional funding requested due to drop in passenger revenues and increase in health premiums
Human Services			
Social Services	Additional Funding Available	409,350	Offset by revenues-100% reimbursable Adoption Program
Regular Program			
CSA Provider	General Fund CSA Contribution	358,226	Local Match for CSA Program funded by additional funding
	Total Human Services	767,576	in Adoption and Child Care Programs, Rev. Max funds,
			Indirect Cost Reimbursement and a School Transfer.
	Total General Fund	1,481,062	
<b>Capital Projects Fund</b>			
Buildings	Old Courthouse\Museum	218,953	Appropriate Tax Credits
	Old City Cemetery Information Center	32,900	Appropriate Donations
	Monument Terrace	112,607	Appropriate Donations
	Total Capital Projects Fund	364,460	
Fleet services Fund	Auction and sale proceeds	103,712	Appropriate auction and miscellaneous sale of vehicles and equipment proceeds into the Fleet Services Fund.



# **FY 2004 Third Quarter Requests - Expenditures**

			Purpose
Department/Division	Project Description	Amount	
City/Federal/State Aid			
Victim Witness	Bring Grant to Actual	12,563	12,563
EMS Defibrillator Grant		5,000	Transfer from General Fund Local Match
Exile	Bring Grant to Actual	11,446	11,446
Respite	Bring Grant to Actual	10,927	10,927
Adoption Incentive	New Grant	8,889	8,889
Revenue Max	Additional funds available	656,332	\$413,356 FY 2004 Budgeted as General Fund Revenue but not budgeted as a transfer from
			City/Federal/State Aid Fund in the budget
			\$124,758 Transfer to CSA to cover local match for FY 2003
			\$100,000 Transfer to General Fund for lease on Human Service Building
			\$18,218 Rev Max
			\$656,332 Total
	Total City/Federal/State Aid	705,157	
CSA Fund	Fund deficit	1,190,064	Funded by sources listed on Revenue page
School Operating Fund	Unexpended Lease/Purchase proceeds	447,995	
	FY 2004 Purchase of Vehicles	192,500	
	FY 2004 Maintenance Projects	100,000	
	Transfer to Capital/ Heritage Elementary School	500,000	
	windows and air conditioning	1,240,495	Appropriate School Fund Balance